

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 3136 - HB 3485

April 2, 2012

**SUMMARY OF BILL:** Authorizes the Alcoholic Beverage Commission (ABC) to conduct background checks or fingerprint checks on a random sample of license applicants. Requires ABC to increase license application and renewal fees by \$50. Revenue generated from this \$50 increase in fees will be deposited into the newly created Background Check Fund administered by ABC for the purpose of conducting random criminal history background or fingerprint checks on new and renewing ABC license applicants. Any excess revenue not expended will remain in the Fund for continued, exclusive application of such background checks.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – \$1,780,500/Background Check Fund**

**Increase State Expenditures - \$103,300/Background Check Fund**

**Other Fiscal Impact – There will be a shift in expenditures in the amount of \$103,300 from the ABC Fund to the Background Check Fund. The Alcoholic Beverage Commission will be able to use the \$103,300 that will no longer be expended on background checks from the ABC Fund on expenditures incurred by the Commission.**

Assumptions:

- ABC currently processes 35,000 licenses and permits each year and receives approximately 610 new applicants per year, for a total number of 35,610 applications and renewals.
- An increase in application and renewal fees of \$50 will result in a recurring increase in state revenue of \$1,780,500 ( $\$50 \times 35,610$ ), to be used exclusively for ABC background checks.
- According to ABC, it currently conducts background checks on 10 percent of such new and renewing applicants, or 3,561 total background checks. ABC will continue to conduct such background checks on 10 percent of new and renewing applicants.
- The Tennessee Bureau of Investigation (TBI) charges ABC \$29 per background check, therefore, ABC currently pays TBI \$103,269 annually ( $3,561 \times \$29$ ) to perform background checks.

- ABC will no longer pay for background checks out of the ABC Fund, but rather pay for such background checks out of the newly created Background Check Fund. Therefore, ABC will experience a shift in expenditures in the amount of \$103,269 from the ABC Fund to the Background Check Fund.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jdb